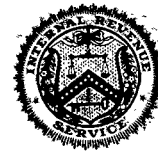


INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE
ALCOHOL AND TOBACCO TAX DIVISION



WASHINGTON 25, D. C.

Industry Circular No. 59-58

December 1, 1959

Revision of Report and Record Forms

Manufacturers of tobacco, cigars, and cigarettes:

Purpose. This industry circular is to inform you that the following forms have been revised and to furnish guidelines for their use.

- Form 2134 -- Monthly Report--Manufacturer of Tobacco
- Form 2136 -- Monthly Report--Manufacturer of Cigars
and Cigarettes
- Form 2141 -- Record To Be Kept By Manufacturer of Tobacco
- Form 2142 -- Record To Be Kept By Manufacturer of Large Cigars
- Form 2143 -- Record To Be Kept By Manufacturer of Small
Cigars and Large and Small Cigarettes

Background. The report and record forms have been revised to make them consistent with operations under the return system, prescribed by regulations in Subpart E of 26 CFR Part 296, and to make them mutually consistent.

Report Forms. The principal revision in the monthly report forms has been the elimination of all items relating to the stamp system which has been discontinued. In order to aid the administration of the regulations in Subpart E of Part 296 of Title 26 of the Code of Federal Regulations, lines have been provided for separately showing tobacco products received in bond by transfer from other factories, transfer from export warehouses, and release from customs custody. A line, "Received by return to bond," has also been provided to separately show taxpaid or tax determined products converted to untaxpaid status (that is, in connection with a claim or by reworking or rehandling). Lines have also been provided for separately showing disposition of products for experimental purposes and for consumption by employees, on and off the factory premises. Although manufacturers are not required to make periodic inventories to determine shortages or overages of tobacco products, lines have been provided to show the net shortage or net overage disclosed by physical inventory taken during a month, such as an inventory taken during an inspection or an inventory taken by manufacturers in the course of operations. The lines for net shortages or overages will be particularly applicable to large cigars, since such products are difficult to accurately count when in a loose condition and in large quantities, and are susceptible to loss and breakage during grading, sorting, and packaging operations which generally occur many days after the cigars have been made (and so recorded). Therefore, overages and shortages frequently result which are disclosed only by inventory. Such unaccounted for shortages are not to be confused

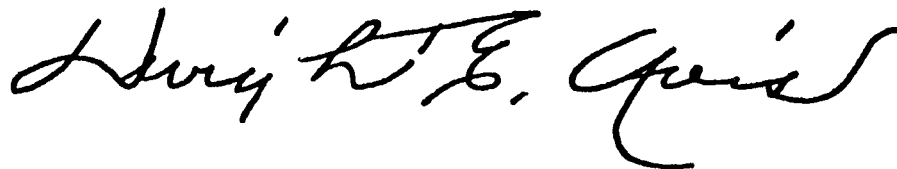
with known losses from such causes as fire, casualty, theft, or act of God, and with destructions of tobacco products as provided in sections 270.155 and 275.144, which are to be reported in the line "Lost and destroyed."

Record Forms. The record forms have been similarly revised to conform with the report forms revision, thus enabling those manufacturers who use such forms to abstract the information required to be shown in the monthly report from the total lines of Section III of the record forms. Individual columns have been provided for recording separately each kind of removal or other disposition without payment of tax. Section IV, "Account of Stamps," has been deleted and Section V has been redesignated as Section IV on each of the record forms. The elimination of "Account of Stamps" and the inclusion of "Account of Taxpaid and Tax Determined Large Cigars Received" in revised Form 2142 make Form 2142A obsolete.

Supply of Revised Forms. A supply of the appropriate revised monthly report form will be furnished all manufacturers; a supply of the appropriate revised record form will be furnished those manufacturers who are presently recording their operations and transactions in such prescribed forms rather than utilizing commercial records. Additional supplies of these forms may be obtained from your assistant regional commissioner (alcohol and tobacco tax).

Effective Date. Please use these revised report and record forms for operations and transactions occurring on and after January 1, 1960.

Inquiries. Inquiries regarding this industry circular should refer to its number and be addressed to your assistant regional commissioner (alcohol and tobacco tax).



Dwight E. Avis
Director, Alcohol and Tobacco Tax Division